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FOR ASSISTANT SECRETARY FOR ADMINISTRATION, RAJ CHELLARAJ

E.O. 12958: N/A

TAGS: [AMGT](#) [ASEC](#) [OTRA](#) [PREL](#) [ECON](#) [RP](#)

SUBJECT: SCENE SETTER FOR THE VISIT OF ASSISTANT SECRETARY  
FOR ADMINISTRATION, RAJ CHELLARAJ

1. A warm welcome to the Philippines! We are developing a dynamic program for your January 23-25 visit, to include a tour of the Regional Printing Center and Regional Training Center on the Mission's Seafront Compound, an ICASS Council Meeting and events with Mission personnel at the Chancery, and interesting stops at the American Cemetery and a USAID partner energy project in Makati.

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Mission Operations  
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2. Embassy Manila is home to 255 USDH and over 1170 LES. The Management Section has undertaken a number of initiatives to advance the President's Management Agenda. To name a few:

-- Focusing on ICASS Performance: The Management Section opened FY 07 by identifying, examining, and planning improvements within each service category following a series of in-house workshops and sessions that identified benchmarks, introduced performance measurements and focus groups and trained employees on process mapping. LES are enthusiastically involved in the process, and many made presentations at our last performance focus session;

-- Competitive Sourcing: The Management Section hosts over 120 full-time embedded contractors in the performance of repairs, cleaning, gardening, alarm maintenance, warehousing, pesticide use management, travel and packing services, and construction. Manila continues to evaluate the potential for shifting non-governmental functions to the private sector. A competitive sourcing study currently underway is examining the potential for further outsourcing shuttle services, vehicle maintenance, property disposal, admin supply, and residential make-readies. The results of this study are expected Spring of 2007;

-- A-76 Competition Programs: The Regional Printing Center (RPC) in Manila recently won an A-76 printing competition for the provision of worldwide media services to the Department of State. To increase its competitiveness prior to the solicitation, RPC Manila increased productivity, achieved ISO 9001 certification, and refocused services by introducing business practices;

-- Service Automation: Post is developing software to automate procurement management and bidding. The software will automate interaction with local vendors while increasing the speed of local procurement, expand Post's vendor base, and improve procurement analysis capabilities. In addition, Post has expanded use of ONE, Blackberries, and VOIP to key officers for work throughout the 7,000 islands of the Philippines, and across the world;

-- Supporting Service Dependents: Post continues to assist DOS families on Separate Maintenance Allowance in the Philippines through outreach and consular services. In the coming year, Post will extend housing, transportation and employment benefits to three Mission families with

spouses heading to Iraq. These families join hundreds of U.S. Defense Department dependents in the Philippines with spouses serving unaccompanied tours in Iraq and Afghanistan.

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#### Counterterrorism Efforts

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¶3. The Philippine Government is a committed counterterrorism partner. The Armed Forces of the Philippines (AFP), supported by the U.S. Joint Special Operations Task Force-Philippines (JSOTF-P) continues operations against senior Abu Sayyaf Group and Jemaah Islamiyah leaders on the island of Jolo.

¶4. USAID devotes nearly 60 percent of its \$70 million FY06 assistance budget to Mindanao, where it is focused on reintegrating former combatants, promoting economic growth and business opportunities, education, health and local governance. After the Moro National Liberation Front signed a peace deal with the government in 1996, USAID carried out a range of highly successful programs, including "Arms to Farms," which reintegrated over 28,000 former fighters back into civil society as successful farmers.

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#### Philippine Defense and Police Reform

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¶5. The Department of the National Defense and Armed Forces Chief of Staff strongly support joint Philippine-U.S. Philippine Defense Reform programs. The Philippine Government deposited \$17.53 million into a Foreign Military Sales holding account in 2004. There are now 11 U.S. Subject Matter Experts on the ground, and more may be added in the near future. In addition to long-term

institutional changes, the multi-year Capability Upgrade Program will modernize 72 Philippine Army and 12 Philippine Marine Corps battalions over the next six years. The Battalion Retraining component will focus on better training, personnel and logistics programs, while the longer term Battalions of Excellence concept will introduce new personnel policies, new equipment, and better training capabilities.

¶6. A new INL-funded U.S. senior law enforcement advisor will support the similar Transformational Program of the Philippine National Police, a key partner on counter-terrorism, IPR protection, trafficking in persons, etc.

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#### Human Rights: Concern Over Unlawful Killings

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¶7. Unlawful killings of local leftists and journalists, a problem here as in many countries with weak rule of law, have recently attracted public attention. Leaders of leftist political groups linked to the Communist Party of the Philippines/New People's Army blame the military and police, while some in the government assert that the killings are the result of internal purges within the Communist Party of the Philippines/New People's Army. Few of the cases have been resolved, prompting President Arroyo to set up a high-level independent commission and a special national police task force to investigate the killings. The government and armed forces have strongly condemned such killings and pledged to bring perpetrators to justice.

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#### Economy Hobbled by Massive Debt

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¶8. The U.S. remains the Philippines largest trading partner, with over \$16 billion in two-way merchandise trade. Major U.S. exports include electronics and agriculture. The U.S. is also the largest investor here, with over \$6 billion in assets. The large American Chamber of Commerce in Manila is proud of its history as the first American Chamber of Commerce abroad.

¶9. Over the last year, the Philippines has averted serious economic instability and made significant progress on reducing its massive government debt, still about 90 percent of GDP. Low levels of government infrastructure investment and public spending present serious challenges to poverty alleviation. The Philippines is a participant in the Millennium Challenge Corporation's (MCC) Threshold Program Funds. The government's plan will intensify anticorruption efforts.

The USG assists in economic development, anti-corruption, environmental protection, and poverty alleviation programs through our USAID programs, USDA programs, and through the efforts of an active Peace Corps program.

¶9. Please visit our intranet and SIPRNet sites for additional insight into Mission activities.

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